

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 AGR-10

AGRE-00 /094 W

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R 091456Z SEP 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5304

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDEL MTN GENEVA

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR UK

SUBJECT: MAJOR UK AGRICULTURAL ORGANISATION PAINTS  
GLOOMY DROUGHT PICTURE

BEGIN SUMMARY: PRESIDENT OF BRITISH ASSOCIATION OF  
GRAIN, SEED, FEED AND AGRICULTURAL MERCHANTS (BASAM)  
PREDICTS UK GRAIN HARVEST OF ONLY 13.25 MILLION METRIC  
TONS BECAUSE OF DROUGHT. MOST REDUCTION WILL BE IN  
BARLEY. DEPUTY DIRECTOR GENERAL OF NATIONAL FARMERS'  
UNION FORECASTS A CUT IN FARM INCOMES IN ENGLAND AND  
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WALES IN 1976-77 OF 30-40 PERCENT AND SPEAKS OF DROUGHT

LOSSES OF 2 MILLION TONS OF GRAIN, 2-2.5 MILLION TONS OF POTATOES, 2.25-2.5 MILLION TONS OF SUGAR BEET AND 100 MILLION GALLONS OF MILK. END SUMMARY.

1. AT BASAM ANNUAL HARVEST LUNCH IN LONDOR SEPTEMBER 7, ASSOCIATION PRESIDENT PREDICTED THAT UK GRAIN HARVEST FIGURE FOR 1976 WILL BE ONLY AROUND 13.25 MILLION TONS COMPARED WITH 13.84 MILLION TONS LAST YEAR AND 16.36 MILLION TONS IN 1974. BASAM PRESIDENT SAID WHEAT PRODUCTION THIS YEAR WILL BE ABOUT THE SAME AS LAST YEAR DESPITE 20 PERCENT INCREASE IN WHEAT AREA. THE TRADE IS PARTICULARLY DISTURBED MOREOVER THAT THE LARGER THAN AVERAGE PROPORTION OF HIGHER PROTEIN BREAD MAKING WHEATS IN THE /UK CROP ARE NOT FETCHING A WORTHWHILE PREMIUM OVER LOWER PROTEIN BUT HIGHER YIELDING VARIETIES. HE EXPECTS THEREFORE THAT PRODUCERS I. FUTURE YEARS WILL TURN BACK TO GROWING MORE OF THE HIGH YIELD STRAINS FURTHER DIMINISHING UK-GROWN CONTRIBUTION TO UK FLOUR NEEDS.

2. BASAM PRESIDENT SAID BARLEY PRODUCTION WILL BE ONLY 7.5 MILLION TONS COMPARED WITH 8.45 MILLION TONS LAST YEAR AND 9.13 MILLION TONS IN 1974. YIELDS WERE ESPECIALLY LOW IN SOUTHERN ENGLAND AND NITROGEN IS EXCEPTIONALLY HIGH ALTHOUGH LOWER NITROGEN LEVELS APPLY IN SCOTLAND. OATS AREA HAS STABILISED BUT LOW YIELDS AGAIN IR SOUTHERN ENGLAND ARE FORECAST BY BASAM AT ONLY 0.75 MILLION TONS.

3. BASAM PRESIDENT SAID THERE WILL BE AN ADDITIONAL ONE MILLION TONS IMPORT REQUIREMENT OVER 1975-76 CALLING FOR AN ADDITIONAL 80 MILLION POUNDS STERLING IMPORT OUTLAY AT CURRENT STERLING VALUES.

4. BASAM REVIEW COULD BE RATHER TOO PESSIMISTIC BUT IN CONTINUING ABSERCE OF MINISTRY OF AGRICULTURE YIELD FIGURES BASAM STATISTICS ARE BEST SO FAR AVAILABLE BASED ON WIDE RANGING SURVEY OF ASSOCIATION MEMBERSHIP THROUGHOUT THE UK. PARTICULAR CAUTION SHOULD BE EXERCISED, HOWEVER, OVER ADDITIONAL UNCLASSIFIED

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ESTIMATE OF IMPORT REEDS WHICH SEEMS TO ASSUME DEMAND FOR GRAIN FOR FEED CONTIRUING AT EARLY 1976 RATE.

5. ASHER WEINGARTEN, DEOUTY DIRECTOR GENERAL OF NFU SAID ALSO ON SEPTEMBER 7 THAT DROUGHT HAS CAUSED LOSS OF 2 MILLION TONS OF WHEAT AND BARLEY, 2-2.25 MILLION TONS OF POTATOES, 2.25-2.5 MILLION TONS OF SUGAR BEET AND WELL OVER 100 MILLION GALLONS OF MILK. THESE FIGURES ARE TO

BE COMBARED WITH OPTIMISTIC FORECASTS MADE BEFORE IMPACT  
OF DROUGHT WAS FELT. WEINGARTEN ALSO SAID BRITISH  
FARMERS WILL HAVE TO BUY 3.5 MILLION TONS MORE  
CONCENTRATED FEED PLUS LARGE AMOUNTS OF HAY AND STRAW  
RESULTING IN HUGE COST INCREASES THIS WINTER. WEINGARTER  
SAID IN ENGLAND AND WALES AT LEAST THERE WOULD BE A FALL  
OF BETWEEN 300-400 MILLION POUNDS IN FARM INCOME IN  
1976-77, A REDUCTION OF 30-40 PERCENT.

6. WEINGARTEN AGAIN REPEATED NFU CALL FOR QUICK  
GOVERNMENT ACTION TO HELP FARMERS SURMOUNT DROUGHT

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DIFFICULTIES. "FAILURE TO ACT ROW COULD WELL THREATEN THE PROSPECTS OF INCREASED OUTPUT FOR THE REST OF THE DECADE AND THE MOOD IN FARMING WOULD ONCE AGAIN BECOME ONE OF RETRENCHMENT."

7. NFU IS STILL CALLING FOR A GREEN POUND DEVALUATION AND IS POINTING OUT MCA SUBSIDIES WHICH IT SAYS IN EFFECT OPERATE AS A TAX. IN SOME CASES AS LARGE AS 25 PERCENT. ON UK FOOD PRODUCERS AND WHICH CANNOT BE PASSED ON TO CONSUMERS. NFU CLAIMS THAT A 20 PERCENT GREEN POUND DEVALUATION WOULD INCREASE FOOD PRICES BY ONLY UNCLASSIFIED

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5 PERCENT AND ALL RETAIL PRICES BY ONLY ONE PERCENT WHICH THEY CLAIM IS INSIGNIFICANT COMPARED WITH INFLATION OF PAST THREE YEARS DUE TO OTHER FACTORS.

8. MEANWHILE BETWEEN AUGUST 29 AND SEPTEMBER 4 PATCHY OUTBREAKS OF RAIN, HEAVY IN SOME PLACES BUT ONLY LIGHT IN OTHERS, WAS NO MORE THAN AN INTERLUDE IN RENEWAL OF HOT SPELL IN LATE AUGUST AND RESUMPTION OF DRY WARM WEATHER OVER MOST OF ENGLAND FROM SEPTEMBER 6 TO PRESENT. METEOROLOGICAL OFFICE HAS PREDICTED DRY WARM WEATHER FOR MOST OF SEPTEMBER AND OCTOBER.

9. IN ADDITION TO GLOOMY OUTLOOK FOR 1976 HARVEST BASAM AND OTHERS ARE NOW EXPRESSING SERIOUS CONCERN ABOUT PROSPECTS FOR AUTUMN SOWINGS BECAUSE OF CONTINUING LACK OF RAIN. BASAM PRESIDENT SAID, "I FEAR THAT AUTUMN PLANTINGS OF CEREALS COULD BE DELAYED BECAUSE OF THE STATE OF THE GROUND. WHILST IT IS EARLY YET, EVERY DAY THAT PASSES WITHOUT RAIN MAKES MORE UNCERTAIN THE SUCCESS OF AUTUMN SOWINGS."

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## Message Attributes

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**TAGS:** EAGR, UK  
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